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A mule carries grain to
market in Greece, which is
anticipating EC membership.

The anticipated acceptance of Greece into membership in the European Community (EC) by 1980—4 years ahead of schedule—is likely to bring economic benefits to Greek farmers, exporters, and in a few instances, could increase sales for some products from Greece's third country suppliers, such as the United States.

While critics of Greece's admission to full membership in the EC may argue that Greece's farm output may glut the EC market for some commodities, by and large, Greek agricultural production is complementary to rather than competitive with that of the EC.

Climatic conditions give Greece a competitive advantage over most EC countries for the production of such crops as tobacco, currants, cotton, olive oil, and certain fruits and vegetables.

While Greek production of olive oil and some fruits and vegetables may be considered competitive to producers of the same commodities in Italy and France, the deficit in the production of some of these commodities in the Community as a whole is expected to continue, despite Greece's entry into the EC.

For beef and dairy products—agricultural sectors where the EC is very sensitive—Greece cannot be considered a competitor. Total Greek output of those products amounts to only about 1 percent of EC output, and most observers agree that this ratio will not change appreciably in the future.

Assuming Greek membership in the EC will be accepted under the Community's prevailing Common Ag-

ricultural Policy (CAP), producers of many farm commodities are expected to reap benefits from membership. For example, grower prices for Durum wheat, olive oil, and tobacco will increase, production quotas for rice are expected to be abolished, and a minimum (withdrawal) price will become effective for several fresh fruits and vegetables currently not covered by Greece's price support program.

At present, the precise impact of these benefits on agricultural production in Greece cannot be evaluated; however, it is reasonable to expect that output of the above-mentioned commodities will rise.

Exports of certain Greek products to the EC can be expected to increase as a result of full membership in the Community, particularly those of rice, olive oil, flowers, apples, peaches, oranges, and lemons; as well as those of tomatoes, tomato products, canned deciduous fruit, citrus juice, wine, and tobacco. For some of these commodities, however, rapid growth depends on whether subsidies are granted by the EC.

An increase in Greek exports of these commodities to the EC is expected to have a negative impact on U.S. exports of soybeans, rice, canned deciduous fruit, citrus juice, and tobacco to the EC. However, since the competitive position of the United States vis-a-vis Greece in the EC market has already been adversely affected by the zero duty rate on Greece's principal exports to the EC, it is difficult to predict the amount of additional damage to EC-U.S. trade that will result from Greek membership in the Community.

In the case of tobacco, the combination of CAP buyer premiums and export

Greece Looking to EC Membership by 1980

By Wilferd L. Phillipsen
and Basil Coronakis

Greece, under present plans, is scheduled to become a member of the European Community by 1980. While Greece competes to some extent with Italy and France (already EC members) in output of olive oil and some fruits and vegetables, its agricultural outturns are, on the whole, complementary to—rather than competitive with—those of other EC countries. Greece's mild climate gives it an advantage in production of some crops.

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Top: Turkeys in Greece's Serres Valley being fattened for Christmas; Far left: Greek cigarettes on the production line at a Piraeus factory; Near left: Threshing wheat in northeast Peloponnesus. More than one-third of Greece's working population is employed in agriculture.

subsidies will make Greek tobacco even more attractive to EC manufacturers and exporters, presenting implications for U.S. tobacco exports to third countries, as well as to the EC.

Greek imports of certain products from third countries—including the United States—can be expected to increase as a result of Greece's membership in the EC. For example, as Greece increases olive oil sales to the Community, a market for other less expensive vegetable oils could be expected to develop in Greece. This, of course, will be moderated by the expansion of domestic olive oil produc-

tion if and when the higher EC/CAP prices apply to Greece.

In addition, when importation of grains becomes an activity of the private sector, a wider diversification in the kinds of grains being imported is anticipated, possibly opening a market for U.S. grain sorghum.

Greece is not a stranger to the EC—it has been an associate member since 1962. The association agreement of 1962 provided for a full customs union between Greece and the EC, along with complete harmonization of Greek agricultural policy with that of the EC by 1984.

The process was stalled during 1967-74, when Greece was ruled by a military dictatorship. Although that Government complied with the original agreement for the scheduled tariff elimination, Greece received no help from the EC in bringing Greece's agricultural policies into line with those of the Community.

After democratic rule had been restored, Greece started a hard-sell campaign to expedite its EC membership. In June 1975, Greece applied for full membership—emphasizing the necessity for early entry—to which the EC agreed.

Negotiations on the terms

for Greece's acceptance into the Community began in July 1976 and are scheduled to be completed by early 1978. Greece expects to be accepted to membership 9-12 months later.

In February 1977, the Greek Central Negotiating Committee submitted its negotiating positions to the EC regarding the transition of Greek agriculture to full membership in the Community. It is anticipated that a transition period will be necessary following accession to the EC to allow the producers of some commodities to adjust to Community responsibilities and competition.

Greece requested a 5-year transition period in the enforcement of EC policies and prices concerning pork, beef, and cow's milk. During this period, the Greek Government expects the necessary infrastructure to be completed and farmers to be educated to the need to improve animal feeding and management practices to meet the competition from similar animal products from other EC countries.

However, because a large proportion of feedgrains must be imported, the animal product sector of Greek agriculture is still expected to have difficulty in meeting Community competition.

In addition, to integrate the present milk price support system in Greece with that of the EC would require

phasing out the direct subsidy now paid to Greek producers to compensate for high production costs. Such drastic changes in the Greek dairy program could put marginal milk producers out of business. Therefore, Greece has requested a 5-year transition period for the dairy industry to begin at the time it joins the EC.

Greece's position on fresh fruits and vegetables is for EC policies and prices to be applied as soon as membership is granted. However, because Greek prices for table grapes and citrus are usually higher than those of the EC, the Greek delegation requested a subsidy to cover transportation costs for these commodities.

No problems are anticipated for tomatoes, or-

anges, lemons, tangerines, and apples because EC prices are higher than or equal to Greek prices. Similarly, no problems are expected for eggplant, cucumbers, and potatoes because no organized market exists for these products in the EC.

Greece has also requested immediate application of Community policies and prices for cereals, which cover some 47 percent of Greece's arable land. Greece has promised to initiate a gradual modification of its grains subsidy program for grains distributed for livestock feeding and for wheat used for food.

While Greece has requested immediate application of EC policies and prices for wine after membership has been granted, it has also requested that any preferential treatment to be granted for wine from third countries be deferred until the end of the 5-year transition period.

Application of EC policies and prices regarding tobacco has also been requested, and Greece has promised to adjust internal tobacco subsidies to those of the Community, and to abolish the differential between domestic and exportable tobacco prior to attaining full EC membership.

Greece will phase in the EC support system of target and intervention prices beginning with the 1977 crop. Government planners anticipate reaching EC levels with the 1979 crop.

Greece has requested transition periods of 3 years for eggs and 2 years for floriculture and seeds so as to enable Greek farmers to prepare to meet the competition of these products from other countries in the European Community.

Because sugarbeets are a highly profitable crop, beet production has been in-

creasing rapidly during the past 2 years. Therefore, to insure a market for Greek sugar in the EC, Greece has asked for a production quota equal to 150 percent of Greece's 1979 forecasted sugar consumption. For gum rosin, it has asked that an income support be granted to rosin collectors within the frame of the EC's regional development program.

No CAP exists within the EC for cotton, raisins, figs, alcohol, and table olives. However, since they are of special interest to Greece, the Greek delegation has requested that a CAP be established for them.

Agriculture is a predominant factor in the Greek economy—more than one-third of the country's working population is employed in agriculture, compared with 8.7 percent in the EC. Agriculture's contribution to the economy in Greece is much higher than in the EC—16.5 percent and 5.0 percent, respectively.

However, owing to the predominance of small landholdings, which often precludes large-scale irrigation, capital-intensive farming methods, and use of certain types of farm machinery, Greece is a relatively high-cost producer of farm goods.

In order to adjust to the EC's Common Agricultural Policy, changes and improvements will have to be made in the country's infrastructure, transportation, and marketing methods. Landholdings and irrigation facilities will have to be expanded, and marketing systems for fruits and vegetables coordinated and enlarged.

Some commodity issues that the EC is dealing with in relation to Greece will be applicable to Spain and Portugal, which have also made formal applications to join the EC.

France Asks for EC Reform On Mediterranean Products

In view of possible European Community (EC) enlargement, France has requested the Community to reform its agricultural policies that affect Mediterranean products.

The following reforms are suggested in the fresh fruits and vegetables sector:

- Increase production with the aim of promoting high-quality products;
- Strengthen the protection mechanism to avoid market disruption from imports of lower price products from third countries; and
- Replace the reference price system with a threshold price system.

In the processed fruits and vegetables sector, the reforms suggested include:

- Improve the minimum price and safeguard mechanisms;
- Grant the Commission authority to negotiate self-limiting commercial agreements between the Community and third countries;
- Implement the use of Community financial instruments where difficulties arise with regard to third country agreements; and
- Strengthen border control measures to prevent fraud.

Italy has requested similar reforms and joins France in seeking a review of the agricultural policies relative to Mediterranean products in the context of the potential accession of Greece, Spain, and Portugal.

U.S. Grain Reserves, Crop Set-Asides Announced

The U.S. Department of Agriculture last month announced the following decisions:

- A comprehensive plan to place 30-35 million metric tons of food and feedgrains in reserve prior to the beginning of the 1978/79 marketing year, including a proposal to create a special International Emergency Food Reserve of up to 6 million tons.
- The Administration's intentions to implement a 20-percent set-aside on 1978-crop wheat.
- An immediate increase in the loan rates for 1977-crop feedgrains.

Strategic grain reserves. Strategic grain reserves will be acquired in three separate actions.

The Administration will seek Congressional approval to create a special International Emergency Food Reserve of up to 6 million tons. This reserve could be released only for noncommercial food aid for world nutrition assistance and to meet U.S. obligations under a proposed international reserves agreement.

The farmer-owned wheat and rice reserve program announced by Secretary Bergland in April will be expanded to include feedgrains. A feedgrain reserve of 17-19 million tons is planned. The minimum release price for feedgrains is expected to be equal to 125 percent of the loan (\$2.50

for corn); the loans are expected to be called when the price reaches 140 percent of the loan (\$2.80 for corn).

Under the foodgrain (wheat and rice) reserve program announced in April, at least 8.16 million tons of wheat and 600,000 tons of rice will be held off the market until the price exceeds 140 percent of loan levels, and loans can be called when prices exceed 175 percent of loan levels.

Some 1975-crop rice and 1976-crop wheat has or will be turned over to the Government when Commodity Credit Corporation (CCC) price support loans mature in coming months. This grain will also become part of the overall grain reserve.

The establishment of these reserves at this time with provisions for their orderly management is intended to meet several objectives:

- They will serve as a hedge against the inflationary effects of a poor crop in the future. Though world grain stocks have risen dramatically this past year to the point that market prices are severely depressed, this situation could change abruptly. If we are to rebuild stocks in a way that will help avoid a repeat of the severe shortage and extreme price volatility of 1973-75, this is the time to do it . . . when it can be done at least cost to the taxpayer and most benefit to the farmer.

• The formation of these strategic reserves and the proposed creation of an International Emergency Food Reserve demonstrates and underscores the President's commitment to the fight against world hunger. It is also consistent with the announced U.S. position at the World Food Council Ministerial in Manila this past summer and with the U.S. position in the negotiations for an international grains agreement, soon to begin at the International Wheat Council in London.

- U.S. domestic grain supplies are now more than sufficient to enable the acquisition of enough reserves to ensure food aid commitments to less-developed countries.

Set-Aside. Even though Congressional action on the Food and Agriculture Act of 1977 is not complete, U.S. intentions for a 20-percent set-aside on 1978-crop wheat were announced, since farmers are now beginning to plant the 1978 winter wheat crop. While the program is voluntary, farmer compliance with the set-aside is a condition of eligibility for loans, purchases, and payments in any USDA commodity program. Also, designated set-aside area must be put into a soil-conserving use.

A 1978-crop feedgrain set-aside was not announced; the final decision will be made after more is known about 1977 production and consumption prospects. However, the current feedgrain production estimate indicates that a 10-percent set-aside may be needed just to keep U.S. stocks from climbing to excessive levels.

Since 1975, the world's total grain stocks have increased from 126 million to 183 million tons. Nearly 60 percent of the increase the past 2 years has occurred in

the United States where stocks rose from 27 million to 61 million tons. Two years ago world wheat stocks were 62.5 million tons and the United States held only 19 percent of them. Today, world stocks total 100 million tons and the United States holds 30 percent. In the case of feedgrains, world stocks totaled 51 million tons last year; the United States held approximately 34 percent. This year world stocks total nearly 69 million tons, of which the United States holds 44 percent.

Current estimates place total world stocks at 200 million tons and U.S. stocks at nearly 80 million tons by the beginning of the 1978/79 season. At this level, the United States would hold nearly 35 percent of the world's stocks of wheat and approximately half of the world's feedgrain stocks.

Stocks of this magnitude are quite adequate to meet U.S. domestic and export requirements. Furthermore, the establishment of strategic reserves insures the U.S. commitment to world food security.

Analysis indicates that even after the United States acquires sufficient reserve stocks, world production in 1978/79 under the "most likely" weather conditions will again be in excess of market requirements, causing stocks to rise even further.

If this does occur, two results are likely. First, there would be reduced incentives for other nations to participate in an international grain reserve system. Though the United States is willing to hold its fair share of world stocks, it expects other nations to do likewise.

Second, the United States is concerned that with excessive stocks and low grain prices there would be reduced incentives for the de-

veloping countries to increase their own food production. Over the long term, this could have disastrous consequences. In conversations with world leaders and world food experts, there is one issue on which all can agree—the developing countries of the world must increase their food production significantly in future years to meet the demands of growing populations.

Thus, in an effort to keep U.S. and world grain stocks in reasonable balance with consumption, we are implementing a modest set-aside program for 1978-crop wheat.

Since a decision to have a set-aside is an annual determination, a set-aside program for 1978 should not be interpreted to imply that there will be set-aside programs for subsequent crops. This is a decision made for this year alone based on the current situation.

Loan rates. Given the severe cost-price squeeze now adversely affecting many farmers, loan rates for 1977-crop feedgrains are being raised immediately. The corn loan rate is being increased from \$1.75 to \$2.00 per bushel with other feedgrains set in the proper relationship to corn. This change, which is being done under existing statutory authority, is consistent with recent Congressional actions and will return the loan rate for feedgrains to its appropriate relationship to the loan rate for wheat.

The 1977 wheat loan level of \$2.25 will remain unchanged. No change is anticipated for 1978 in the loan levels announced, though they are subject to change. Holding loan rates at these levels will allow market forces to operate more freely and help maintain U.S. competitiveness in world markets. □

Fruit Output, Imports Growing in the USSR

By Angel O. Byrne

Although Soviet production of fresh fruit on State farms and private plots in 1976 reached a record 15 million tons—a fifth larger than the 1971-75 average and 54 percent larger than the 1966-70 average—fresh fruit availabilities in the USSR continue to lag behind rising demand.

A major reason for the less-than-satisfactory domestic supplies available to Soviet consumers is the continuing inadequate and ineffective distribution and marketing network:

- Shortages of sufficient facilities for transporting fresh fruit from farms to procurement centers, mar-

keting outlets, and processing enterprises;

- Lengthy open-air storage caused by delays in shipments; lack of adequate refrigerated storage;
- Improper and inadequate crating; negligence in handling perishable fruit.

All these conditions have contributed to excessive spoilage and losses.

To offset these losses in part and to provide a more effective method of handling and distributing fresh fruit, retail trade organizations and processing enterprises of some Soviet Republics may, since 1975, purchase fresh fruit and vegetables directly from farms, thus decreasing the numerous

unwieldy handling steps in the transportation network.

Also, specialized zonal fruit procurement trusts—similar to those for vegetables—have been set up in assigned urban areas of some Republics to control and maintain purchases and storage of fresh fruit and to regulate a steady supply to cities and industrial centers.

To compensate in part for the unsatisfactory availabilities of domestically grown fresh fruit, the Soviets have stepped up imports significantly. Despite record output in 1976, fresh fruit imports reached a near-record 871,000 tons—only 3 percent less than record imports in 1974. The level of imports in 1976 was, however, 6 percent larger and almost 50 percent greater than average imports during 1971-75 and 1966-70, re-

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USSR: Imports of Selected Fresh Fruit, 1966-70 Average; 1971-75 Annual and Average
[In 1,000 tons]

Period	Apples	Oranges	Lemons	Mandarins	Bananas	Grapes	Pineapple
1966-70 average	219.4	200.7	53.9	11.4	17.0	46.1	4.1
1971	239.1	254.8	57.6	12.1	19.3	69.2	8.4
1972	326.5	330.5	56.2	14.2	15.0	29.2	8.3
1973	353.2	311.5	48.6	16.0	10.3	57.9	5.5
1974	337.9	357.4	81.5	15.8	12.9	59.8	7.7
1975	340.8	335.4	79.0	21.1	34.3	22.7	5.7
1971-75 average	319.5	317.9	66.4	15.8	18.4	47.8	7.1

USSR: Production, Imports,¹ and Consumption of Fresh Fruit, Average 1966-1970; Annual 1971-76

Period	Area ² 1,000 ha.	Production ³ 1,000 tons	Imports 1,000 tons	Availability 1,000 tons	Per capita consumption	
					Kilograms	(⁴)
1966-70 average	2,625	9,710	582	10,292	39	(⁴)
1971	3,815	12,370	691	13,061	36	39
1972	3,773	9,570	808	10,378	41	36
1973	3,734	13,351	828	14,179	37	41
1974	3,690	12,441	901	13,342	37	37
1975	3,628	14,235	860	15,095	37	37
1971-75 average	3,304	12,398	818	13,211	38	38
1976	(⁴)	14,954	871	15,825	37	50
1980 plan	(⁴)	19,100	(⁴)	—	50	50
1976-80 plan average	(⁴)	17,100	(⁴)	—	(⁴)	(⁴)

¹ Exports are insignificant. ² Bearing area. ³ Total fresh fruit, including grapes. ⁴ Not available.

spectively.

Of total Soviet fresh fruit imports, oranges and apples rank highest in volume. Average imports of oranges increased by 58 percent between 1966-70 and 1971-75 and apples by 46 percent. Imports of pineapples have grown almost 75 percent, but from a smaller base; mandarins by a third; and lemons by almost a fourth.

Growth in banana imports have been relatively slow. In 1975, however, banana imports reached a record—almost triple the volume in 1974 and double the average volume of imports in 1966-70.

Grape imports have fluctuated greatly, regardless of annual domestic output. In some years, as in 1973 and 1974 when production was high, imports also were high. In 1972, however, when the grape harvest dropped drastically (by 38 percent), imports also fell by a sharp three-fifths.

Conversely, in the record production year 1975, imports dropped sharply again. However, since Bulgaria seems to be the exclusive supplier of grapes to the USSR, it would appear that Soviet grape import levels are largely dependent on output in Bulgaria, rather than amounts produced domestically.

In more recent years, the major volume suppliers of fresh fruit to the USSR have been the East European countries, Morocco, Egypt, China, and Greece. In 1975 Hungary was the major supplier of apples, Morocco of oranges, Greece of lemons, and Ecuador of bananas. China was the exclusive supplier of mandarins, as was Bulgaria of grapes.

In 1973, for the first time, the USSR became a market for U.S. citrus fruit—with an initial sale of 5,178 tons of lemons that

year, 10,000 tons in 1975, and 13,300 tons in 1976. Further—and again for the first time—the United States in 1975 sold more than 1,500 tons of oranges to the USSR.

Per capita consumption of fresh fruit in the USSR reached a peak 41 kilograms in 1973, but in 1974 dropped to 37 kilograms, where it has remained since despite record and near-record domestic output in 1975 and 1976 and large imports during those years.

To meet consumer demand fully, the Soviets estimate they must produce 23-25 million tons of fresh fruit annually. However, based on the consumption norm of 113 kilograms and average total population during 1971-75, the Soviets would have to produce more than 29 million tons of fresh fruit annually in order to meet the desired consumption level. In either case, these are far-reaching production targets. The 1980 plan calls for only 19 million tons.

To boost fresh fruit availabilities, eliminate large post-harvest losses, and speed the flow of supplies to consumers, the Soviets increasingly are emphasizing establishment of large specialized, industrialized fruit-growing farms and enterprises where production and processing are concentrated in one area.

For example, the specialized, industrialized fruit growing State Farm Lenin, organized in 1972 in the Non-Black Soil Zone of the Russian Soviet Federated Socialist Republic, includes—aside from the planted area—a canning plant, a refrigerated warehouse, and a packing plant.

Under this agro-industrialized system, not only has the farm's yield in fresh fruit increased substantially but also its income and profits. □

U.S. Wheat Strengthens In Philippine Market

The United States expected to regain its dominance of the Philippine wheat market after a period in which Philippine imports of Canadian wheat have increased dramatically, owing to large sales to the trade at low prices.

Glenn R. Samson, U.S. Agricultural Attaché in Manila, said Pacific port tieups connected with Canada's drive to ship wheat to the People's Republic of China (PRC) now have helped push Canadian wheat prices upward. These increases—and the availability of Commodity Credit Corporation credit—will tend to make U.S. wheat more attractive, he said.

Particularly noticeable were recent increases in tender price of Canadian Western Red Spring (CWRS) wheat, compared with those of U.S. Dark Northern Spring (DNS), which will probably cause the Philippine importers again to turn to the United States for a larger share of this grain.

The U.S. share of the Philippine wheat market traditionally has been around 75 percent, but in fiscal 1977 this proportion is expected to fall to just 54 percent. However, with the recent increase in Canadian wheat prices, the Philippines, for at least the short term, is expected to purchase U.S. wheat exclusively.

The Philippines is seen importing about 825,000 metric tons of wheat and flour (in grain equivalent) in 1976/77, a record amount 50 percent higher than the previous year's and 20 per-

cent greater than the earlier record of 690,000 tons in 1971/72.

Philippine imports of U.S. wheat in fiscal 1978 are forecast at 650,000 tons, 81 percent of total Philippine imports of 800,000 tons.

According to the Philippine trade, Canadian ports have been congested for some time with ships to carry wheat to the PRC to meet Canadian sales commitments. This has been a factor in the changed price relationship between U.S. DNS and CWRS. A tender by the Philippine National Grains Authority (NGA) in April, quoted DNS 14 at \$6.50 per ton lower than CWRS. This was a reverse of the February tender when CWRS was \$14 per ton less.

Samson also reports the estimate for Philippine corn output in the 1976/77 crop year has been revised upward to 3.0 million tons from a harvested area of about 3.4 million hectares. The Government is trying to increase corn output in a phased plan, but during Phase VI of the Government program (January-March 1977), only 77,400 hectares of cornland were planted under the program, 63 percent of the Government's target.

Philippine corn imports are estimated at 141,000 tons in 1976/77—52,000 tons of U.S. No. 2 yellow and 89,000 tons of Thai corn. Corn imports are expected to climb slightly to 150,000 tons in 1977/78, as domestic output is likely again to fall short of consumption needs. □

Czech Farmers Pressed To Raise Output; Grains Emphasized

Czechoslovakia's farmers are being spurred by their Government to boost agricultural output beyond the goals set for the country's official 5-year plan. Special emphasis is placed on grain production. Last year, shortfalls in grain output forced the Government to import larger quantities of grain than in previous years.

Czechoslovakia is facing a demanding task in 1977. After the past 2 frustrating years of agricultural production, the farm sector is being pressured to increase output not only by the 4 percent called for in the country's 5-year plan, but by an additional 4 percent or more than failed to materialize in 1976. Grains came in for special emphasis.

The year 1977 is the second year of Czechoslovak-

ia's sixth 5-year planning period (1976-80), and calls for a 5.2 percent increase in national income, a substantial increase in crop production (16.5 percent), and a slight rise (1.9 percent) in the livestock sector. The relatively low rate of growth planned for the livestock sector stems from the need to bring grain production into better balance with domestic meat production.

Principal attention in 1977 is being given to the grain sector. After 2 years of failure to meet increased production targets, the 1977 plan lowers the grain output goal to 10 million metric

tons (compared with the 1976 target of 10.3 million tons).

The current goal will probably include 4.8 million tons of wheat, 3.3 million of barley, and 870,000 tons of corn. To reach this objective, the plan calls for a grain harvest from 2.78 million hectares.

Almost all fall plantings—representing some 60 percent of the annual grain crop—were completed on schedule. Fall plantings wintered well, but early spring freezes and excessive moisture caused some damage to the wheat crop. As a result, very good to excellent weather would be needed until harvesttime to produce a 4.8-million-ton wheat crop.

Spring planting of grain was completed with no area left uncultivated. Some lost wheat area was resown with spring barley and corn. Furthermore, corn area was increased this year.

Although the wheat crop may be shy of target levels, other grain crops could yield more than called for by the plan. Unless unusually severe storms damage fields, Czechoslovakia may end its season with a better than 10-million-ton grain crop.

Production of grains in 1976—representing some 20 percent of the country's gross agricultural output—suffered badly from the prolonged summer drought. The 1976 grain harvest was 9.35 million tons, nearly 1 million tons short of plan, but slightly above the disappointing 9.28 million tons produced in 1975.

Wheat output in 1976 approximated 4.8 million tons from 1.3 million hectares. Barley production was somewhat less than the 3.1 million tons harvested in 1975. Although the drought considerably reduced small grain output, its greatest damage was to the corn crop. Less than 600,000

tons of corn were harvested in 1976, compared with 843,000 tons in 1975.

The 1976 grain shortfall and sharply reduced fodder supplies forced Czechoslovakia to import larger quantities of grain than in previous years. To maintain meat supplies at an adequate level of the 2.3 to 2.5 million tons of grain imported, the United States shipped 690,000 tons of corn and 143,000 tons of wheat to Czechoslovakia.

With relatively good prospects for grain and fodder harvests this year, Czechoslovakia should import substantially smaller quantities of grain—possibly between 1.0 million and 1.5 million tons.

Fodder crop goal set

The nearly disastrous bulk fodder production in 1976 continued to cause difficulties in milk and animal product output in early 1977.

Targets for this year call for 13.5 million tons of fodder—an increase of 3 million tons over 1976 output. Great efforts are being made to grow this additional tonnage. Weather will not be a limiting factor, but there are some problems getting the necessary machinery in order and utilizing drying plants effectively.

Production of sugarbeets in 1977 is targeted at 8.1 million tons, 40 percent more than in 1976, when only 5.8 million tons were harvested—the poorest level in 10 years.

Although all of the projected area of 220,000 hectares was planted, strong spring winds destroyed over 6,000 hectares. In addition, unseasonably hot weather dried out surface soil in some sugarbeet districts. Because sugar is an important hard currency earner, special measures were taken to improve the sugar content of the beets, including

Based on a report from Nicholas M. Thuroczy, U.S. Agricultural Attaché in Vienna.

provisions for improved varieties of seed and improved fieldwork.

Owing to the poor 1976 sugarbeet crop, sugar exports are expected to be down sharply this year, probably not more than 100,000 tons, compared with 220,000 tons in 1976.

Potato production for 1977 is targeted at 4.1 million tons, compared with the 4.0 million tons harvested last year. In 1976 Czechoslovakia imported large quantities of high-priced potatoes from as far away as the Middle East following a short early-potato crop. However, as the year progressed, domestic potato supplies tended to become more normal.

Other vegetable production, which has been lagging for some years, was particularly hurt by the 1976 drought. Tonnage in 1976 amounted to only 70 percent of the 1975 level despite a 10-percent increase in area. Particularly hard hit were onions, carrots, cucumbers, and those crops that are late in maturing. The estimated 700,000 tons of vegetables produced last year caused a shortfall of some 300,000 tons.

The sharp drop in 1976 output means that Czechoslovakia must produce some 60 percent more vegetables in 1977 in order to keep in line with the goals of the current 5-year plan. A 5-10 percent area increase is planned for 1977, with hopes that 1.15 million tons of vegetables can be harvested.

Similarly, the fruit sector has been called on for a substantial increase in production in 1977—330,000 tons, up from 250,000 tons in 1976. The task is difficult because a large proportion of Czechoslovakia's fruit is grown on small private farms where mechanized cultivation is for the most

part not yet in practice.

Last year, April and May freezes destroyed portions of the apricot, peach, black cherry, and apple crops, necessitating heavier than normal imports of fruit—amounting to some 150,000 tons.

Adverse weather during 1976 and the subsequent 10- and 30-percent declines in grain and bulk fodder output, respectively, had negative effects on the livestock sector in 1976 and early 1977. These difficulties had been overcome to some extent by the second quarter of 1977.

Livestock numbers up

Livestock production, which is predicted to increase slightly during 1977, should be on target, largely through continued improvements in the hog and poultry sectors.

Although the number of cattle may increase by as much as 30,000 head to a total of 4.68 million in 1977, this likely will not mean more beef for the consumer this year, but a buildup for future beef supplies.

Cow numbers are expected to increase by 5,000 to 10,000 head—primarily on large farms. In the absence of modern feeding and milking techniques that only large farms can afford, small dairy farmers will continue to find it difficult to operate their dairies and will continue their exit from the industry.

Because of this situation, beef supplies increased 3 percent during the first few months of 1977, mostly the result of liquidation of cows. This situation should stabilize later in the year as feed and fodder supplies increase. The planned 2.3 percent increase in milk output, however, will be difficult to achieve in 1977.

Although milk production appears to be stagnating,

there has been no sign that Czechoslovakia will embark on a major dairy cattle improvement program. Importing breeding cattle to upgrade performance of milking cows is precluded by current animal health regulations.

The situation for 1977 in the hog sector is more favorable despite lower slaughter of pigs in the early part of the year, compared with the same period of 1976. Holding pigs back from market is in line with the planned buildup of sows for later expansion in hog production.

The 1977 plan calls for a 7.8 percent gain in pork supplies; sow numbers at the beginning of the year stood at 526,000 head, up 17,000 head from year-earlier levels. With the prospect of increased grain supplies this year, Czechoslovakia may expand hog production beyond target levels to 7.5 million head, compared with 6.8 million in 1976.

Poultry Sector Gains

The Czechoslovak poultry meat sector should again register a good gain in production in 1977—up some 5 percent to 200,000 tons, and slightly above the 4 percent growth planned for the year. Poultry output for 1976 gained 9 percent to 194,000 tons, helping to maintain domestic meat supplies that were cut because of lower cattle and hog slaughter.

Poultry production should keep gaining, but until the industry fills the gap created by the exit of small egg producers, output may not sustain any long-term gain.

The expanding livestock industry—particularly the hog and poultry sectors—will require continued large imports of soybean meal and grain. The volume of soybean meal imports in 1977

may decline, however, from the inflated volume of 1976 when large quantities of soybean meal were imported to supplement shorter grain supplies.

Czechoslovakia may import roughly 500,000 tons of soybean meal in 1977, with the United States expected to supply some 300,000 tons, down from 346,000 tons in 1976 (including transshipments). Small quantities of U.S. corn may also be imported this year.

As in earlier years, Czechoslovakia is expected to import large quantities of cattle hides in 1977, including some 700,000 from the United States.

Other imports from the United States will probably include sunflowerseed, flue-cured tobacco, and fresh lemons. Exports of Czechoslovak canned hams to the United States are expected to increase in 1977. □

Egypt Suspends Cotton Exports

Egypt's announcement on August 14, of suspension of cotton exports to the Soviet Union and Czechoslovakia is of significance to the cotton trade.

Thirty-six percent of Egypt's cotton exports was shipped to these countries during the past 10 years. Their share has declined in recent years, however, and in 1977 it was expected to represent only about 20 percent of total exports.

Egypt produced an average of 1.9 million bales of cotton during 1974-76 and exported an average of 1 million bales. Egypt has been the most important supplier of cotton to the USSR. The USSR exports several times more cotton than it imports. □

Pakistan Expects Record Wheat Crop; Imports Continue

By M. Arif Mahmood

To feed its burgeoning population, Pakistan must supplement its domestic wheat production with sizable imports—a large part from the United States in the form of P.L. 480, Title I, shipments or under CCC (Commodity Credit Corporation) credit.

Although Pakistan is increasing its wheat output, imports probably will be required for some time to come.

Wheat production for 1977/78 (April-March) is projected at a record 8.8 million metric tons, and imports are estimated at about 600,000 tons.

For the 1976/77 season, Pakistani wheat production is estimated at 8.7 million tons. Imports in 1976/77 totaled about 550,000 tons, with about 400,000 coming from the United States.

Approximately 200,000 tons of that were financed through P.L. 480, Title I and

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wheat was imported. The other half was obtained through its domestic procurement program that enables producers to sell wheat to the Government at a guaranteed price.

Procurement of domestic wheat for the Government distribution (ration shops) program generally has trended upward over the years—from 9,000 tons in 1967/68 to 1.2 million in 1975/76, to an estimated 2.3 million in 1976/77. Wheat imports have fluctuated widely, year to year, directly influenced by the size of procurements.

Pakistan's grain imports are unloaded at Karachi, the country's only port, under the supervision of the Central Government. Transported upcountry as soon as possible—although in an emergency port storage may be relatively prolonged—the wheat is stored in provincial godowns (warehouses) until passed through the distribution apparatus to the Districts and finally to the ration shops.

The Government's first subsidy on imported wheat for the distribution program is paid when Pakistan absorbs the difference between the foreign and the domestic price. The landed price of imported wheat during 1975/76 averaged US\$178.60 per metric ton, compared with the price paid by the flour mill of \$86.60 per ton. Thus in 1975/76, the Government's first payment was \$92 per ton, in addition to shipping, handling, and distribution costs.

Domestic wheat is procured at about \$100 per ton, and after transporting, storing, handling, and milling is sold through ration shops in the form of atta at about \$93.60 per ton.

For 1976/77, Pakistan has allocated \$118.8 million for the wheat subsidy—\$90

million to cover costs connected with the nearly 550,000 tons of imported wheat and \$28.8 million for 2.3 million tons of indigenous wheat.

This compares with a revised estimate for 1975/76 of \$114 million—\$97.1 million for nearly 1.3 million tons of imported wheat and \$16.9 million for 1.2 million tons of domestic wheat.

Although the rationing system is heavily dependent on this domestically procured wheat, the program would be crippled without the wheat imports made by the Central Government and allocated to the Provinces. The Central Government also plays an important role in setting domestic procurement goals, producer support prices, those prices mills must pay for Government wheat, and those charged by the ration shops for atta.

It also evolves regulations to govern the movement, storage, and milling of wheat. And since 1975, the Central Government has been involved in the formulation of a uniform provincial milling policy.

Pakistan's present rationing system for wheat is what might be called a nonstatutory system wherein the Government supplements open-market supplies through the ration shops and the consumer has the option of buying from them or on the open market.

The system provides atta at a subsidized, controlled, and usually reduced price, mostly to urban centers in Punjab and Sind—although distribution is also made in some rural deficit areas.

Some ration stores also sell sugar and vegetable ghee at prices lower than those available on the open market.

Atta is supplied year round to consumers in the cities, but in farm areas

only to meet seasonal emergencies. In certain deficit Districts, permanent rationing has been established.

Urban consumers can get food supplies from the ration shops simply by showing the ration cards procured from the District Food Controller. There is even less formality in rural districts since food is distributed there each year for a limited time only.

One of the latest actions by the Pakistani Government—designed to run the distribution system more effectively—was to nationalize most of the country's flour mills in July 1976. This brought all mills having six or more roller units (121 of a total of 172) under Government control.

Until that time, Government millers not only ground atta from publicly owned wheat for the Government rationing system, they also bought and ground Government-owned wheat for the open market, as well as buying open-market wheat for grinding and selling to the private sector.

Now public-sector flour millers will largely grind Government wheat and only for distribution through Government ration shops. Some private-sector millers may also grind atta, while others will grind maida (a branless, finely ground wheat flour) and suji (a branless, coarser ground flour).

In the past, Government millers sold atta to the ration shops at a markup of about \$6.70 per metric ton, in addition to receiving a grinding payment of about the same amount.

To provide overall supervision for the new mill scheme, a Ministry of Agrarian Management was established at the Federal level and flour milling corporations were established in each Province—except in Baluchistan, where the Pro-

vincial Development Authority will handle the new program.

The new ministry will directly supervise the country's wheat mills (and the cotton gins and rice mills that also were nationalized last year). More recently, the food wing of the Ministry of Agriculture was transferred to this ministry in order to put procurement, processing, and distribution of wheat under the same Government agency.

Although the current food rationing plan dates only from 1960, the Government has been involved in food distribution since the 1940's, when Pakistan was still part of India.

The rules governing operation of these plans have been changed from time to time, but the plans' purpose has always been the same—to insure that prices of staple foods do not outrace the purchasing power of the country's lower income consumers, and that food shortages remain localized.

Over the years the Government has had to implement many different policies—some of them apparently conflicting—to achieve these objectives. For example, it has usually acted as a monopoly purchaser of grain, often controlled the movement of wheat within the country, limited inter-Provincial grain trade, and prohibited wheat exports.

It has sometimes had to "dump" wheat on the market at below-support prices to keep consumer price rises moderate.

While many of these actions have discouraged farmers from increasing production, the Government points to the wheat crops of the past 2 years as vindication of its policies. However, some believe the level of future wheat outturn will be a better measure of the value of these policies. □

Europe's 1977 Apple Crops Fall Short

The 1977 apple crop in Western Europe is expected to be the shortest in about 15 years. Severe spring frosts coupled with heavy rains and hail are primarily responsible for the shortfall in a number of key countries.

A recent USDA survey of 12 such countries showed the shortage is widespread throughout much of western Europe. Total output for the 12 countries surveyed is estimated at 6.1 million metric tons, 21 percent below last year's drought-affected crop and 31 percent smaller than that of 2 years ago, when Europe's apple crops were more nearly normal.

Production in France, Europe's leading exporter, is down 41 percent from 1975's output. Output in West Germany, Europe's leading importer, is 44 percent below 2 years ago and the smallest crop since 1965's.

In the United Kingdom, a market formerly of major trading importance to the United States and Canada, North America's major apple producers, the crop of dessert varieties is down 39 percent from 1975's, with the most important dessert variety—the Cox's Orange Pippin—51 percent smaller.

Other highly significant declines on the Continent from 2 years ago include: Belgium, 55 percent; Spain, 36 percent; Switzerland, 27 percent; the Netherlands, 21 percent; and Italy, 11 percent. □

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First Class

Mideast Markets Boost French Poultry Sales

French poultry producers had a good year in 1976, owing particularly to lower egg production, higher meat output, and boosted sales of young chicken meat to the Middle East, which now accounts for over 50 percent of French exports of this product.

The situation for French egg producers improved dramatically in 1976 as more reasonable placements resulted in a decline of nearly 2 percent in egg output to 12.89 billion eggs and a reduction of the laying flock of about 1 percent—a favorable situation for the industry.

Production of all poultry meats increased 5.1 percent in 1976 to 865,000 metric tons. Production is expected to rise in 1977 as well. Major gains in 1976 occurred in production of turkeys (up 16 percent to 121,800 tons), guinea fowls (up 12 percent to 41,000 tons), and broilers (up 3.5 percent

to 535,500 tons).

Production of day-old chicks increased by 20 million head in 1976, reaching 470.2 million. This increase is accounted for by chicks-for-meat, as placements of pullets were down. Egg production is expected to be down by 4 to 5 percent during the first 9 months of 1977, owing to the significant decline in placements of pullets since last October.

Vigorous production of turkey meat during the first part of 1977 was anticipated, as placements of turkey poult were up throughout 1976, hitting 34.5 million head, compared with 28.7 million in 1975.

French exports of poultry meat were strong in 1976, except for turkey meat, which declined by some 10 percent. Exports of young chicken now account for roughly 15 percent of production, with the development of important outlets in the Middle East, a market in which European Community export subsidies are used.

Saudi Arabia boosted its imports of French chicken meat from 4,000 tons in

1974 to 24,171 tons in 1976. Other important Middle East markets in 1976 included Kuwait (2,000 tons), the United Arab Emirates (over 8,000 tons), Iraq (2,000 tons), Qatar (1,757 tons), and Bahrain (1,995 tons). Iraqi imports of French chicken meat—at 1,313 tons—slipped substantially in 1976, however, from 15,000 tons in 1975. The United States is now supplying most of Iraq's chicken meat imports.

With continuous strong placements and expanded poultry meat output in 1977, the French will continue to seek export outlets to avoid surplus buildups.

Exports of live poultry increased significantly in 1976 to 13.2 million head, compared with 11.8 million in 1975. Imports declined, however. Italy remains France's best customer for live poultry, while Belgium is France's largest supplier.

In the day-old chick trade, both imports—at 7.2 million head—and exports—at 10.4 million head—were up throughout the year, but the sharpest increase was in imports of meat breeds (up some 85 percent), particularly from Belgium.

French imports of carcasses of all types of poultry increased dramatically in 1976, with the EC being the largest supplier for young chicken carcasses (3,440

tons), Israel the main shipper of turkeys (1,320 tons), and Eastern Europe for other species. Argentina also exports some 3,000 tons of game carcasses to France. Rabbits, which the French include in their poultry statistics, were supplied by the People's Republic of China (8,400 tons).

French exports of shell eggs fell sharply in 1976 to 307 million eggs, compared with 617 million in 1975. Exports of egg products, however, remained constant. Concurrently, French imports of shell eggs more than doubled in 1976 to 160 million eggs. As a result, the French trade balance for eggs fell sharply. The EC remains the sole customer for French egg products, and West Germany is France's best customer for French shell egg exports. France remains a net importer of hatching eggs, primarily from the United Kingdom and Belgium. In 1977, France should become a net importer of shell eggs as well.

Consideration of Governmental measures to control large poultry establishments in France has raised considerable controversy among producers, who are divided on that subject. Furthermore, the existence of two poultry producer organizations exacerbates the division. □

Based on a report from Roger S. Lowen, former Assistant U.S. Agricultural Attaché, Paris.